

7. FINANCIAL INFORMATION

7.1 Consolidated Profit and Dividend Record

A summary of the proforma consolidated audited results of the Aikbee Group for the five (5) financial years ended 31 December 1999 and the nine (9) months ended 30 September 2000 and unaudited results for the financial year ended 31 December 2000 has been prepared for illustrative purposes only based on the audited accounts of the Aikbee Group and the assumption that the current structure of the Group has been in existence throughout the period under review:-

	Audited					9 months ended 30.9.2000 RM'000	Unaudited 12 months ended 31.12.2000 RM'000
	Financial Year Ended 31 December						
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000		
Turnover	32,117	55,241	62,680	78,300	99,272	82,419	113,480
EBIDTA	6,724	13,387	15,913	18,256	20,073	14,142	20,232
Interest expense	(766)	(2,784)	(3,612)	(5,540)	(3,853)	(2,372)	(3,182)
Depreciation	(1,212)	(1,606)	(2,317)	(2,384)	(2,502)	(1,663)	(2,976)
Operating profit	4,746	8,997	9,984	10,332	13,718	10,107	14,074
Exceptional item	-	-	-	-	(1,418)	(147)	(202)
PBT	4,746	8,997	9,984	10,332	12,300	9,960	13,872
Taxation	(1,501)	(2,775)	(2,855)	(3,076)	(8)	(2,968)	(4,302)
PAT	3,245	6,222	7,129	7,256	12,292	6,992	9,570
Number of shares ('000)	37,719	37,719	37,719	37,719	37,719	37,719	37,719
Gross EPS (RM)	12.58	23.85	26.47	27.39	32.61	35.0*	36.8
Net EPS (RM)	8.60	16.50	18.90	19.24	32.59	25.0*	25.4
Gross dividend rate (%)	-	-	-	-	-	-	-
Net dividend rate (%)	-	-	-	-	-	-	-

Notes:-

* annualised.

- i) Assumed the issued and paid-up capital pursuant to the Acquisitions.
- ii) Turnover and PBT in 1996 were significantly higher than that of 1995 because the results for 1995 are based on a period of four months as ABSawmill resumed its timber operations (logs extraction and trading) in 1995.
- iii) The increase in 1997's turnover was due to the expansion of production capacity and increase in sales of moulding timber.
- iv) Turnover for 1998 was higher than 1997 as a result of the increased sales of sawn and moulding timbers, which were contributed by the takeover of the timber business of Aikbee Timbers Sdn Bhd by ABSabah.
- v) Turnover in 1999 increased due to rise in trading of sawn and moulding timbers. The increase in PBT was due to a reduction in borrowing costs.
- vi) Turnover for financial year ended 31 December 2000 increased from 1999 due to the higher sales generated from the Group's timber-related activities from logs extraction to sales of logs, sawn timber and moulding timber. The increase in operating profit for 2000 from 1999 was mainly due to higher sales volume achieved at lower margin.
- vii) The PBT for 1999 and financial period/year ended 30 September 2000 and 31 December 2000 were stated after charging exceptional items i.e. tax penalties in respect of tax liabilities of prior years. Other than as stated, there were no extraordinary items and exceptional items in all the financial years under review.

7. FINANCIAL INFORMATION (Cont'd)

7.2 Working Capital, Borrowings and Contingent Liabilities

(a) Working Capital

The Directors of Aikbee are of the opinion that after taking into account the Group's cashflow position, banking facilities available and gross proceeds from the Rights Issue and Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

(b) Borrowings

As at 20 March 2001 (being the last practicable date prior to the printing of this Prospectus), the total borrowings of the Aikbee Group from financial institutions amounted to approximately RM42.4 million comprising term loans, overdraft and banker acceptance, of which 85% is short-term borrowings.

Saved as disclosed above, the Aikbee Group has no loan capital outstanding or created but unissued, mortgages or charges.

(c) Contingent Liabilities and Capital Commitments

As at 20 March 2001 (being the last practicable date prior to the printing of this Prospectus):-

- (i) the Group has no contingent liabilities; and
- (ii) the Group has no capital commitments.

7. FINANCIAL INFORMATION (Cont'd)

7.3 Consolidated Profit Forecast and Assumptions
 (Prepared for inclusion in the Prospectus)


The Directors and Promoters of Aikbee Resources Berhad ("Aikbee") report that barring unforeseen circumstances, the consolidated profit forecast for the financial year ending 31st December 2001 will be as follows:-

	<u>RM'000</u>
Revenue	<u>102,242</u>
Consolidated profit before taxation	17,312
Taxation	(5,544)
Consolidated profit after taxation	<u>11,768</u>
Gross EPS (sen) *	34.62
Net EPS (sen) *	23.54
Gross price-earnings multiple based on offer/issue price of RM 2.10 per share (times)	6.07
Net price-earnings multiple based on offer/issue price of RM 2.10 per share (times)	8.92

* Based on the enlarged issued and paid-up share capital of 50,000,000 shares.

The principal bases and assumptions upon which the consolidated profit forecast has been made are as follows:-

1. There will be no major changes in economic and political conditions within Malaysia or elsewhere which will have significant adverse effects on the activities and performance of the Group.
2. There will be no major changes in the present legislation, statutory rules and, direct and indirect taxes in Malaysia or countries in which the Group trades that will affect the activities and performance of the Group.

7. FINANCIAL INFORMATION (Cont'd)



3. There will be no major policy changes to the management of the timber resources in Sabah, Sarawak and Peninsular Malaysia by the relevant governing authorities nor will there be any drastic changes in the timber extraction quota of the Group's log suppliers.
4. There will be no major changes to the Group's existing accounting, management and operating policies, objectives and plans.
5. There will be no major changes to the current group and management structure and principal activities of the Group other than those planned for.
6. There will be no material changes in the forecast average purchase prices of logs and the average selling prices and demand for logs, sawn timbers and moulding timbers of the Aikbee Group that will adversely affect the performance of the Group.
7. On-going contracts for plantation management and logging will be carried out as scheduled and without any major variation to works and value thereof. New contracts for such activities will be secured as projected and without any significant variations in the estimated profit margin.
8. There will be no material increase in wages, costs of goods purchased and other costs other than those provided.
9. There will be no revocation of the Temporary Occupation Licence (T.O.L.) for the land on which one of ABSabah's sawmill is situated by the relevant authority and the T.O.L. will continuously be renewable upon its expiry under its existing terms and conditions.
10. There will be no major industrial disputes, changes in key personnel, breakdown, disruption in the operation facilities or any abnormal circumstances which will adversely affect the operations of the Group.
11. There will be no significant fluctuations in inflation and foreign currencies exchange rates from the present levels.

7. **FINANCIAL INFORMATION** *(Cont'd)*



12. The rates and bases of taxation applicable to the Group will not deviate substantially from the present level.

13. There will be no major acquisitions or disposals of fixed assets other than those planned for.

14. The existing credit facilities of the Group will remain available without any significant changes in the prevailing borrowing terms and new financing facilities will be obtained as and when required to fund the Group's activities at prevailing interest rates.

7. FINANCIAL INFORMATION (cont'd)

7.4 Reporting Accountants' Letter on the Consolidated Profit Forecast of the Aikbee Group for the Financial Year Ending 31 December 2001
(Prepared for inclusion in this Prospectus)

Folks DFK & Co
(No. AF 0502)

Public Accountants



Date: 21st March 2001

THE BOARD OF DIRECTORS
AIKBEE RESOURCES BERHAD
B-8-7, Megan Phileo Promenade
189, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs,

**AIKBEE RESOURCES BERHAD
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING
31ST DECEMBER 2001**

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Aikbee Resources Berhad ("Aikbee") and its subsidiary companies ("Aikbee Group") for the financial year ending 31st December 2001, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30th March 2001 in connection with the Public Issue and Offer for Sale of 8,000,000 new ordinary shares and 4,600,000 ordinary shares of RM 1.00 each respectively at a price of RM 2.10 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by Aikbee Group.

Yours faithfully

A handwritten signature in black ink, appearing to be "Folks DFK & Co".

FOLKS DFK & CO
No. AF 0502
Public Accountants

A handwritten signature in black ink, appearing to be "Khoo Pek Ling".

KHOO PEK LING
900/03/02 (J/PH)
Partner

Folks Suite 4024, 4th Floor, President House, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.
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7. FINANCIAL INFORMATION (cont'd)

7.5 Directors' Commentary on Achievability of Profit Forecast

The Board of Directors of Aikbee expects the Group to register revenue of RM102.2 million in year 2001 with logging, sawn timber and moulding products contributing 18.7%, 32.6% and 42.7% to the total turnover respectively. For year 2001, the Directors forecast that 87% of the timber products sales will be targeted for exports. The sales of moulding products are expected to be the major export value of the Group and the European market largely dictates the current demand for these products. In year 2000, export to Japan, Middle East and Europe comprised 32%, 20% and 25% respectively of the total exports. In year 2001, the export sales to Japan is expected to decrease to 30%, whilst the Middle Eastern and European markets are expected to increase to 25% and 30% respectively based on past and expected market trends. ABSabah is expected to continue to be the major income earner of the Group, contributing approximately 62.9% of Aikbee Group's total revenue whilst ABSarawak and ABSawmill each contributing 31.2% and 5.9% respectively.

Profit before taxation of the Group is expected to increase from RM13.9 million in year 2000 to RM17.3 million in year 2001 due to the expected higher gross margin from the increased sales coupled with the expected reduction in interest expense as a result of the planned repayment of borrowings from the Rights Issue and Public Issue proceeds.

The Board of Directors of Aikbee confirm that the profit forecast of the Aikbee Group and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of the Aikbee Group and its level of gearing liquidity and working capital requirements, are of the opinion that the profit forecast of the Aikbee Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia and in the Asia Pacific region, certain assumptions, including interest and exchange rates, may differ significantly from actual should the economic situation differ significantly from the date of this profit forecast and this may have a material impact on Aikbee's profit forecast.

7.6 Sensitivity Analysis

▪ Variation in Turnover – due to variation in selling price of timber and timber products

Variation in Turnover of Logging Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	102,676	0.42	17,746	2.51	12,081	2.66
Up 5%	102,459	0.21	17,529	1.25	11,924	1.33
Down 5%	102,025	(0.21)	17,095	(1.25)	11,612	(1.33)
Down 10%	101,808	(0.42)	16,878	(2.51)	11,455	(2.66)

Variation in Turnover of Sawn Timber Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	106,004	3.68	21,074	21.73	14,477	23.02
Up 5%	104,123	1.84	19,193	10.87	13,122	11.51
Down 5%	100,361	(1.84)	15,431	(10.87)	10,414	(11.51)
Down 10%	98,479	(3.68)	13,550	(21.73)	9,059	(23.02)

7. FINANCIAL INFORMATION (cont'd)

Variation in Turnover of Moulding Timber Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	107,534	5.18	22,604	30.57	15,578	32.38
Up 5%	104,888	2.59	19,958	15.28	13,673	16.19
Down 5%	99,596	(2.59)	14,666	(15.28)	9,863	(16.19)
Down 10%	96,950	(5.18)	12,020	(30.57)	7,958	(32.38)

Variation in Turnover of Plantation Management Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	102,977	0.72	18,047	4.25	12,297	4.50
Up 5%	102,609	0.36	17,680	2.12	12,033	2.25
Down 5%	101,874	(0.36)	16,944	(2.12)	11,503	(2.25)
Down 10%	101,506	(0.72)	16,579	(4.25)	11,239	(4.50)

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 7.3 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in the turnover due to variations in the selling price of timber and timber products of the respective divisions.

Based on the foregoing, the turnover and profits of the Group are more sensitive to variations in turnover of its moulding timber and sawn timber divisions. This is due to the higher revenue and profit margins generated from the two (2) divisions compared to the other logging and plantation management divisions.

▪ Variation in Turnover – due to variation in sales volume of timber and timber products

Variation in Turnover of Logging Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	102,676	0.42	17,515	1.17	11,914	1.24
Up 5%	102,459	0.21	17,414	0.59	11,841	0.62
Down 5%	102,025	(0.21)	17,210	(0.59)	11,695	(0.62)
Down 10%	101,808	(0.42)	17,109	(1.17)	11,622	(1.24)

Variation in Turnover of Sawn Timber Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	106,004	3.68	17,974	3.83	12,245	4.05
Up 5%	104,123	1.84	17,643	1.91	12,006	2.03
Down 5%	100,361	(1.84)	16,981	(1.91)	11,530	(2.03)
Down 10%	98,479	(3.68)	16,650	(3.83)	11,291	(4.05)

7. FINANCIAL INFORMATION (cont'd)

Variation in Turnover of Moulding Timber Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	107,534	5.18	19,016	9.84	12,995	10.43
Up 5%	104,888	2.59	18,164	4.92	12,381	5.21
Down 5%	99,596	(2.59)	16,460	(4.92)	11,155	(5.21)
Down 10%	96,950	(5.18)	15,608	(9.84)	10,541	(10.43)

Variation in Turnover of Plantation Management Division	For the financial year ending 31 December 2001					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	102,242		17,312		11,768	
Up 10%	102,977	0.72	17,528	1.25	11,923	1.32
Up 5%	102,609	0.36	17,420	0.62	11,846	0.66
Down 5%	101,874	(0.36)	17,204	(0.62)	11,690	(0.66)
Down 10%	101,506	(0.72)	17,096	(1.25)	11,613	(1.32)

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 7.3 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in the turnover due to variations in the sales volume of timber and timber products of the respective divisions.

Based on the foregoing, the turnover and profits of the Group are more sensitive to variations in turnover of its moulding timber and sawn timber divisions. This is due to the higher revenue and profit margins generated from the two (2) divisions compared to the other logging and plantation management divisions.

- Variation in Cost of Sales ("COS")

Variation in COS of Logging Division	For the financial year ending 31 December 2001					
	COS RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	(74,388)		17,312		11,768	
Up 10%	(74,619)	0.31	17,081	(1.33)	11,602	(1.41)
Up 5%	(74,504)	0.16	17,197	(0.67)	11,685	(0.71)
Down 5%	(74,273)	(0.16)	17,427	0.67	11,851	0.71
Down 10%	(74,158)	(0.31)	17,543	1.33	11,934	1.41

Variation in COS of Sawn Timber Division	For the financial year ending 31 December 2001					
	COS RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	(74,388)		17,312		11,768	
Up 10%	(77,489)	4.17	14,212	(17.81)	9,536	(18.97)
(75,939)	(75,939)	2.08	15,762	(8.95)	10,652	(9.48)
Down 5%	(72,838)	(2.08)	18,862	8.95	12,884	9.48
Down 10%	(71,288)	(4.17)	20,412	17.91	14,001	18.97

7. FINANCIAL INFORMATION (cont'd)

Variation in COS of Moulding Timber Division	For the financial year ending 31 December 2001					
	COS RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	(74,388)		17,312		11,768	
Up 10%	(77,977)	4.82	13,724	(20.73)	9,185	(21.95)
Up 5%	(76,183)	2.41	15,518	(10.36)	10,476	(10.98)
Down 5%	(72,594)	(2.41)	19,106	10.36	13,060	10.98
Down 10%	(70,800)	(4.82)	20,900	20.73	14,351	21.95

Variation in COS of Plantation Management Division	For the financial year ending 31 December 2001					
	COS RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	(74,388)		17,312		11,768	
Up 10%	(74,908)	0.70	16,792	(3.00)	11,394	(3.18)
Up 5%	(74,648)	0.35	17,052	(1.50)	11,581	(1.59)
Down 5%	(74,129)	(0.35)	17,572	1.50	11,955	1.59
Down 10%	(73,869)	(0.70)	17,832	3.00	12,142	3.18

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 7.3 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in COS of the respective divisions.

Based on the foregoing, the turnover and profits of the Group are more sensitive to variations in cost of sales of its moulding timber and sawn timber divisions. This is due to the higher revenue and profit margins generated from the two (2) divisions compared to the other logging and plantation management divisions.

7.7 Break-even Analysis

The break-even turnover for the Group timber operations are as follows :-

Activities	Break-even turnover RM'000	Forecast turnover RM'000	Margin of safety %
Logging	2,266	4,342	47.8
Plantation Management	2,808	7,354	61.8
Sawn timber	16,809	37,625	55.3
Moulding timber	21,798	52,921	58.8

7. FINANCIAL INFORMATION (cont'd)

7.8 Dividend Forecast and Policy

On the basis of the consolidated profit forecast for the financial year ending 31 December 2001 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of Aikbee anticipate that the Company will be in a position to propose, based on the enlarged issued and paid-up share capital of RM50,000,000, a gross dividend of 5.0% for the financial year ending 31 December 2001.

It will be the policy of the Board of Directors of Aikbee in recommending dividends to allow the shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

The intended appropriation for the forecast consolidated profit for the financial year ending 31 December 2001 will be as follows:-

Financial Year Ending 31 December 2001	RM'000
Consolidated profit before taxation	17,312
Less : Taxation	(5,544)
Consolidated profit after taxation	11,768
Less : Proposed dividend (less 28% tax)	(1,800)
Consolidated retained profit for the year	9,968
Gross Dividend per share (sen)	5.0
Net Dividend per share (sen)	3.6
Gross Dividend yield based on the issue price of RM2.10 per Share (%)	2.4
Net Dividend yield based on the issue price of RM2.10 per Share (%)	1.7
Gross dividend cover (times)	9.6
Net dividend cover (times)	6.5

Investors should note that future dividends might be waived if:-

- (a) the Group records a loss instead of the forecast profits; or
- (b) the payment of the dividends would adversely affect the Group's cashflows and operations.

7. FINANCIAL INFORMATION (cont'd)

7.9 Proforma Consolidated Balance Sheets of Aikbee Group (Prepared for inclusion in this Prospectus)



AIKBEE RESOURCES BERHAD Proforma Consolidated Balance Sheet (Prepared for inclusion in this Prospectus)

The Proforma Consolidated Balance Sheet of Aikbee Group as at 30th September 2000 as set out below are provided for illustrative purposes only.

	Audited as at 30.09.2000 RM	← (I) RM	(II) RM	(III) RM	→ (IV) RM
PROPERTY, PLANT AND EQUIPMENT	-	52,888,989	52,888,989	52,888,989	54,888,989
CURRENT ASSETS					
Inventories	-	26,052,900	26,052,900	26,052,900	26,052,900
Trade debtors	-	18,018,916	18,018,916	18,018,916	18,018,916
Other debtors, deposit and prepayments	-	32,331,315	32,331,315	32,331,315	32,331,315
Deposits, cash and bank balances	-	503,918	7,353,460	22,653,460	8,653,460
	<u>-</u>	<u>76,907,049</u>	<u>83,756,591</u>	<u>99,056,591</u>	<u>85,056,591</u>
CURRENT LIABILITIES					
Trade creditors	-	6,895,271	6,895,271	6,895,271	6,895,271
Other creditors and accruals	669,567	7,442,784	7,442,784	6,773,215	6,773,215
Hire purchase creditors	-	510,598	510,598	510,598	510,598
Amount owing to directors	-	555,507	555,507	555,507	555,507
Bank borrowings	-	32,946,905	32,946,905	32,946,905	20,946,905
Taxation	-	12,262,861	12,262,861	12,262,861	12,262,861
	<u>669,567</u>	<u>60,613,926</u>	<u>60,613,926</u>	<u>59,944,357</u>	<u>47,944,357</u>
NET CURRENT ASSETS/(LIABILITIES)	(669,567)	16,293,123	23,142,665	39,112,234	37,112,234
DEFERRED EXPENDITURE	669,569	669,569	669,569	-	-
	<u>2</u>	<u>69,851,681</u>	<u>76,701,223</u>	<u>92,001,223</u>	<u>92,001,223</u>
Financed by :-					
SHARE CAPITAL	2	37,719,036	42,000,000	50,000,000	50,000,000
RESERVE ON CONSOLIDATION	-	6,991,753	6,991,753	6,991,753	6,991,753
SHARE PREMIUM	-	16,973,564	19,542,142	26,842,142	26,842,142
SHAREHOLDERS' FUNDS	<u>2</u>	<u>61,684,353</u>	<u>68,533,895</u>	<u>83,833,895</u>	<u>83,833,895</u>
LONG TERM AND DEFERRED LIABILITIES					
Hire purchase and lease creditors	-	366,532	366,532	366,532	366,532
Term loans (secured)	-	7,271,996	7,271,996	7,271,996	7,271,996
Deferred taxation	-	528,800	528,800	528,800	528,800
	<u>2</u>	<u>69,851,681</u>	<u>76,701,223</u>	<u>92,001,223</u>	<u>92,001,223</u>
Net tangible (liabilities) / assets per share	<u>(334,784)</u>	<u>1.62</u>	<u>1.62</u>	<u>1.68</u>	<u>1.68</u>

7. FINANCIAL INFORMATION (Cont'd)



AIKBEE RESOURCES BHD

(Incorporated in Malaysia)

(No. Syarikat : 428890-D)

**NOTES AND ASSUMPTIONS TO THE
PROFORMA CONSOLIDATED BALANCE SHEETS OF AIKBEE**

BASIS OF PREPARATION AND CONSOLIDATION

- (i) The Proforma Consolidated Balance Sheets have been prepared based on the audited accounts of Aikbee Resources Bhd ("Aikbee"), Aikbee Sawmill Sdn Bhd ("ABSawmill"), Aikbee Timbers (Sabah) Sdn Bhd ("ABSabah") and Aikbee Timbers (Sarawak) Sdn Bhd ("ABSarawak") as at 30th September 2000.
- (ii) The balance sheets of Aikbee, ABSawmill, ABSabah and ABSarawak are consolidated based on the acquisition method of accounting.
- (iii) The Proforma Consolidated Balance Sheets have been prepared on bases and accounting principles consistent with those previously adopted by Aikbee and its subsidiary companies in the preparation of audited financial statements.

1. PROFORMA I

Proforma I is based on the assumption that the following proposed exercises have been effected as of 30th September 2000 :-

- a) Incorporation of revaluation surplus

Total revaluation surplus amounting to RM 24,907,051 based on revaluations of the land and/or buildings owned by ABSawmill, ABSabah and ABSarawak will be incorporated in the accounts of the respective companies.

- b) Acquisition of the entire issued and paid-up capital of ABSawmill, ABSabah and ABSarawak by Aikbee after step (a) above.

7. FINANCIAL INFORMATION (Cont'd)



<u>Subsidiary company</u>	No. of ordinary shares of RM 1.00 each to be <u>acquired</u>	<u>Equity Interest</u>	Purchase consideration based on adjusted net tangible assets as at 31.12.99 (RM)	Consideration satisfied by issuance of new ordinary shares of RM 1.00 each of Aikbee at RM 1.45 each (No. of shares)
ABSabah	3,931,200	100%	22,744,804	15,686,073
ABSarawak	3,000,000	100%	15,573,103	10,740,071
ABSawmill	604,800	100%	16,374,691	11,292,890
	<u>7,536,000</u>		<u>54,692,598</u>	<u>37,719,034</u>

2. PROFORMA II

Proforma II incorporates Proforma I and the Rights Issue of 4,280,964 new ordinary shares of RM 1.00 each in Aikbee at an issue price of RM 1.60 on the basis of approximately one new ordinary share for every 8.81 existing ordinary shares held after the acquisition of ABSabah, ABSarawak and ABSawmill.

3. PROFORMA III

Proforma III incorporates Proforma I, Proforma II and the Public Issue of 8,000,000 new ordinary shares of RM 1.00 each by Aikbee at an issue price of RM 2.10 per share and after adjustment for estimated listing expenses of RM1,500,000 against the Share Premium Account.

7. FINANCIAL INFORMATION (Cont'd)

**4. PROFORMA IV**

Proforma IV incorporates Proforma I, Proforma II, Proforma III and the proposed utilisation of proceeds from the Rights Issue and Public Issue of shares as detailed below:-

	<u>RM</u>
Capital expenditure	2,000,000
Repayment of bank borrowings	12,000,000
	<u>14,000,000</u>

5. SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

- a) The issued and paid-up share capital of Aikbee upon completion of the listing exercise will be as follows :-

	<u>RM</u>
Balance as at 30th September 2000	2
Shares issued in connection with the acquisition of shares in ABSabah, ABSarawak and ABSawmill	37,719,034
Rights Issue	4,280,964
Public Issue	8,000,000
	<u>50,000,000</u>

- b) The movement in the Share Premium Account is as follows :-

	<u>RM</u>
Arising from shares issued in connection with the acquisition of shares in ABSabah, ABSarawak and ABSawmill	16,973,564
Arising from Rights Issue	2,568,578
Arising from Public Issue	8,800,000
Less: Estimated listing expenses written off	(1,500,000)
	<u>26,842,142</u>

7. FINANCIAL INFORMATION (cont'd)

7.10 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

Folks DFK & Co
(No. AF 0502)

Public Accountants



Date: 21st March 2001

THE BOARD OF DIRECTORS
AIKBEER RESOURCES BERHAD
B-8-7, Megan Phileo Promenade
189, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs,

**AIKBEER RESOURCES BERHAD
AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT
30TH SEPTEMBER 2000**

We have reviewed the Proforma Consolidated Balance Sheets of Aikbee Resources Berhad ("Aikbee") and its subsidiary companies ("Aikbee Group") as at 30th September 2000 together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30th March 2001 in connection with the Public Issue and Offer for Sale of 8,000,000 new ordinary shares and 4,600,000 ordinary shares of RM1.00 each respectively at a price of RM2.10 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon, which are provided for illustrative purposes only, have been prepared on bases and accounting principles consistent with those previously adopted by Aikbee Group in the preparation of its audited financial statements and in a form suitable for inclusion in the abovementioned prospectus.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Folks DFK & Co.", written over a horizontal line.

FOLKS DFK & CO.
AF 0502
Public Accountants

A handwritten signature in black ink, appearing to read "Khoo Pek Ling", written over a horizontal line.

KHOO PEK LING
900/03/02(J/PH)
Partner

8. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)



AIKBEE RESOURCES BERHAD

益美资源有限公司

(Company No. 428890-D)

3rd Floor, Pearl Point Shopping Mall, Batu 5, Jalan Kelang Lama, 58000 Kuala Lumpur, Malaysia.
Tel: (603) 783 3311 / (603) 781 3333 Fax: (603) 781 5566

21 March 2001

The Shareholders of
AIKBEE RESOURCES BERHAD
3rd Floor, Pearl Point Shopping Mall
5th Mile, Jalan Kelang Lama
58200 Kuala Lumpur

Dear Sir/Madam

On behalf of the Board of **Aikbee Resources Berhad**, I report after due inquiry that during the period from 30 September 2000 (being a date to which the last audited accounts of the Company and its subsidiary companies have been made) to 20 March 2001 (being a date not earlier than fourteen (14) days before the issue of this Prospectus) that :-

- (a) the business of the Company and its subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiaries;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realizable in the ordinary course of business;
- (d) save as disclosed in Section 7.2 of this Prospectus, there are no contingent liabilities that have arisen by reason of any guarantees or indemnities given by the Company and its subsidiary companies; and
- (e) since the last audited accounts of the Company and its subsidiaries save as disclosed in the Accountants' Report as set out in Section 10 of this Prospectus as well as the restructuring scheme pursuant to the IPO, there have been no changes in published reserve or any unusual factors affecting the profits of the Company and its subsidiary companies.

Yours faithfully
On Behalf of the Board of Directors of
AIKBEE RESOURCES BERHAD

TAN AIK HONG
Managing Director

8. DIRECTORS' REPORT*(Prepared for inclusion in this Prospectus)*

Dato' Abdul Rahim Rahman DIMP, FRICS, FISM
 Lai Mun Wan AMP, FRICS, MISM, IRRV
 Tay Lai Hee ARICS, IRRV, MISM
 Loh Beng Hooi B. Sc. (Est. Mgt.), MISM, IRRV
 Choy Yue Kwong B. Sc. Dip. in Land Econ., MISM
 Ros Liza Ariffin B. Surv. Property Mgt.
 Selina Khor Siew Suan Assoc. Dip. in Val., MISM
 Mohamad Nasir Ali Adv. Dip. in Est. Mgt.
 Donald Lam Joon Onn Dip. Val. Surv., MISM
 Baharum Shah Munir Adv. Dip. in Est. Mgt., MISM
 Chee Kok Thim B. Prop. Admin. (Auckland), FISM
 Lee Beng Lin B. Sc (Hons) LM, ARICS, MISM
 Mohd Zaini Hassan Adv. Dip. in Est. Mgt., MISM, APEPS
 Mohammad Nor Hj. Umar B. Land Economy (Hons), MISM
 Hairuniza Mahmud B. Sc. (Est. Mgt.), MISM
 Yap Kong Sen B. Sc. (Est. Mgt.) (Hons), MISM

**VALUATION CERTIFICATE**

21 March 2001

The Board of Directors
 Aikbee Resources Berhad
 3rd Floor, Pearl Point Shopping Mall
 Batu 5, Jalan Kelang Lama
 Kuala Lumpur

Dear Sirs

VALUATION OF PROPERTIES BELONGING TO AIKBEE RESOURCES BERHAD

This letter has been prepared for inclusion in the Prospectus to be dated 30 March 2001 in relation to the proposed listing of Aikbee Resources Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

In accordance with your instructions, we have assessed the Market Values of the Properties set out below. We have valued the Properties vide our valuation reports bearing the reference numbers in the table set out below. Further details of the valuation of the Properties are set out in our Valuation Reports.

The basis of the valuation is Market Value based on the guidelines on Asset Valuation for Submission to the Securities Commission and the Manual of Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

Our opinion of the Market Values of the Properties subject to the properties being free from all encumbrances are as follows:-

(1) Properties which are for owner occupation :

Particulars of Property	Location	Description /Existing Use	Land Area/ (Built Up Area)	Tenure	Market Value/Valuation Date	Method of Valuation	Valuation Report Reference Number
CL 085311413(PO) District of Labuk & Sugut, Bahagian Sandakan, Sabah	Off Jalan Sandakan – Telupid	A moulding factory	10 acres (14,143.15 sq.metres)	As above	RM5,300,000/- 8/9/99	Comparison Method	88V988227
Lot No. 67 Block 12, District of Tanah Buan, Sarawak	Within Tanjong Manis Timber Processing Zone	Industrial land with sawmill & ancillary buildings	12,807 ha (22,939.32 sq. metres)	Leasehold expiring 1/8/2051	RM20,373,075/- 27/9/99	Comparison Method	82V97276
Lot PT 14200 Mukim of Batu, Wilayah Persekutuan	Off the 6 ½ Mile, Jalan Kepong, Kuala Lumpur	Industrial premises	9,064.92 sq.metres (4,930.73 sq.metres)	Leasehold 99 years expiring 2/1/2095	RM8,800,000/- 24/9/99	Comparison & Investment Method	V/PJ/IND/6094-99
				Sub-Total	RM34,473,075/-		

RAHIM & CO (SEL) SDN BHD (123157-K)

[Board Reg. No. VE(1)0065/9]

36, Jalan Yong Shook Lin, Seksyen 52, 46200 Petaling Jaya, Selangor, Malaysia. Tel: 03-7957 9528 Fax: 03-7956 5386 Email: rccspj@po.jaring.my
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9. VALUERS' LETTER



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(2) Properties which are surplus to operational requirements :

Particulars of Property	Location	Description /Existing Use	Land Area/(Built Up Area)	Tenure	Market Value/Valuation Date	Method of Valuation	Valuation Report Reference Number
CL 085311413 District of Labuk & Sugut, Bahagian Sandakan, Sabah	Off Jalan Sandakan – Telupid	Agriculture land planted with young oil palm trees	236.39 acres	Leasehold 999 years beginning 1/1/1980	RM2,360,000/- 4/10/99	Comparison Method	30V990736
Lot Nos. 805, 806 & 1506 Mukim of Sabai, District of Bentong, State of Pahang	Off Jalan Kuantan-Karak, about 1 ½ km from Karak Town	Agriculture Land	11.1125 acres	Freehold	RM310,000/- 23/9/99	Comparison Method	V/PJ/AGR/6061-99
				Sub-Total	RM2,670,000/-		

(3) Properties which are held as investment :

Particulars of Property	Location	Description /Existing Use	Land Area/(Built Up Area)	Tenure	Market Value/Valuation Date	Method of Valuation	Valuation Report Reference Number
Parcel No. SC-S-3 & SC-S-4, Mukim of Petaling, Wilayah Persekutuan	2 nd Floor, Pearl Point Shopping Mall, Jalan Kelang Lama, Kuala Lumpur	Retail lots	1,298 sq. metres	Freehold	RM12,000,000/- 30/9/99	Comparison & Investment Method	V/PJ/COM/6060-99
				Sub-Total	RM12,000,000/-		
				Grand Total	RM49,143,075/-		

Yours faithfully
RAHIM & CO (SEL) SDN BHD

CHOY YUE KWONG
MIS(M), BSC, DLE(SCOTLAND)
REGISTERED VALUER – V328